

Institute for Strategic Studies and Prognoses



ISSP & CARA Report September 1, 2001 – September 30, 2002

Prepared by:

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**Podgorica, Montenegro
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Center for Applied Research and Analysis (CARA)

Staff:

1. Veselin Vukotic, President
2. Petar Ivanovic, CEO
3. Vladimir Kavaric, Program Director
4. Ana Buskovic, Research Manager
5. Jelena Pavicevic, Researcher
6. Gordana Radojevic, Researcher
7. Boris Buskovic, Data and Publishing Manager
8. Vladimir Jacimovic, Data Base Consultants

KRA Teams for CARA:

Program Development and Support

- ☐ Vladimir Kavaric, Team Leader
- ☐ Dragana Radevic, CEED
- ☐ Darko Konjevic, Montenegro Business Alliance
- ☐ Vladimir Jacimovic Ph.D.
- ☐ Misko Djuranovic, Faculty of Economics

Information resources and MONET support

- ☐ Boris Buskovic, Team Leader
- ☐ Ana Popovic, Ministry of Finance
- ☐ Ranko Raicevic, IS Elektroprivreda
- ☐ Dragana Ostojic, Central Bank
- ☐ Jadranka Kaludjerovic, ISSP
- ☐ Mico Djukanovic, IS Elektroprivreda

Research and Analysis

- ☐ Ana Buskovic, Team Leader
- ☐ Miroslav Prokopijevic, Faculty of Economics, Belgrade, advisor
- ☐ Gordana Radojevic, CARA
- ☐ Marina Radevic, CEED
- ☐ Zarko Vucinic, Ministry of Agriculture
- ☐ Nina Labovic, ISSP
- ☐ Danijela Grba, Central Bank
- ☐ Goranka Lazovic, Ministry of Tourism

CARA SUMMARY OF RESULTS ACHIEVED

I INSTITUTIONAL BUILDING

- CARA was established
- Coordination with other ERN organizations was achieved
- Process was developed to provide assistance on ISSP and CEED projects
- Prepared a strategic plan for 2002-2004 and a detailed work plan for the next 12 months
- Selected and trained management of CARA (Program manager, Research manager and Data and Publishing manager) and 6 staff
- CARA staff members participated in 17 different seminars and training programs
- CARA services were defined. Teams were selected for 3 KRAs: (i) Program Development and Support Team, (ii) Information Resources and MONET Support Team and (iii) Research and Analysis Team, as well as for creating a database
- CARA established contacts with group of graphic designers; external consulting support was engaged
- Weekly meetings began of senior staff among CARA-ISSP-CEED
- As part of the student exchange in CARA, students from the University of Michigan were hosted. Students provided help on the research for the Household Survey, analysis of infrastructure projects in Montenegro, and on the transfer of part of the data from SPSS to STATA
- The first newsletter was completed, and a draft version of the leaflet
- Procedures started for implementation of the first Management Information System

II RESEARCH

1. Trade sector analysis - finalized
2. Agricultural sector analysis- Wine production in Montenegro -finalized
3. Household Survey 2 - finalized in cooperation with ISSP
4. Household Survey 3 - finalized in cooperation with ISSP
5. Household Survey 4 - finalized in cooperation with ISSP
6. Household Survey 5 – draft version finalized in cooperation with ISSP
7. Business Rating - finalized in cooperation with CEED
8. Barriers for Business in Montenegro- finalized in cooperation with CEED
9. Human Development Report for Montenegro - finalized in cooperation with ISSP
10. Measurement of Economic Freedom in Montenegro - draft version established in cooperation with ISSP
11. Investment Guide for Montenegro draft version established in cooperation with CEED
12. Tourist Ambassador Program - finalized in cooperation with CEED

III DATA BASE ESTABLISHMENT, MAINTENANCE AND DEVELOPMENT

- External consulting support was retained. The structure of the database was defined
- Team for data base creation was selected; demands were collected from final users; external consultants were engaged; database structure was defined; technical performances of program packages were tested
- Test of program packages needed for data reception and data processing between Excel, Access and Oracle was completed

- Filtering of "raw" data into Access was completed
- Adaptation of the base was undertaken through several iterations, to comply with the demands of end-users from ISSP and CEED
- Databases for the following areas were completed:
 - ❑ (i) employment
 - ❑ (ii) salaries
 - ❑ (iii) production
 - ❑ (iv) current account
 - ❑ (v) contacts and business cards
 - ❑ (vi) enterprises in Montenegro.

IV MONET

- CARA's responsibilities for MONET publication are defined. CARA's services in providing support for MONET are: lay out, design of tables and graphs, preparation of data and all kind of publishing support, as well as updating website
- Contact lists by sectors and institutions were completed, together with sorting needed data and the schedule for data gathering
- Eleven meetings were held with representatives of various institutions, together with ISSP researchers
- Layout, design, preparation of data, and updating of website for MONET 7, MONET 8, MONET 9, MONET 10, MONET 11 were completed

V PUBLISHING, NEWSLETTER AND PROMOTION

- The first newsletter was prepared in cooperation with ISSP
- Leaflet on CARA and ISSP were also prepared and will be published soon
- CARA was presented at the following events:
 - ❑ Presentation of "Business Rating - Montenegro" project
 - ❑ Roundtables "Insolvency Law" and "Regulation in Elektroprivreda"
 - ❑ Seminar "Role of Media in Reforms" organized by CEED and IREX and "Tourist Ambassador Program" in Herceg Novi
 - ❑ TV shows (Morning program of RTV CG, Perper, ELMAG TV, Blue Moon TV, TV MBC, Euro- II channel RTV CG etc.)
 - ❑ Lecture at the Faculty of Economics on "Demographic analysis" and at the Nautical Faculty in Kotor
 - ❑ Radio Free Europe
 - ❑ 3 statements in the newspaper
 - ❑ Milocer Economic Forum
- Marketing strategy is in the process of preparation, as part of the overall marketing strategy of ERN, implemented by the Advocacy Coordinator – Jelena Bobicic

Institute for Strategic Studies and Prognoses



Staff:

1. Veselin Vukotic, President
2. Petar Ivanovic, CEO
3. Michelle Stern, Operations Advisor
4. Jadranka Kaludjerovic, Program Director
5. Danilo Sukovic, Senior Analyst
6. Maja Bacovic, Senior Analyst
7. Nina Labovic, Analyst
8. Milorad Katnic, Analyst
9. Ana Delibasic, Researcher
10. Tijana Lekovic, Researcher
11. Maja Drakic, Econometrician
12. Jelena Jekanovic, Statistician
13. Ivana Nikac, Office manager
14. Boro Miranovic, Accountant

KRA Teams for ISSP:

Pensions

- ☐ Tijana Lekovic, ISSP
- ☐ Ana Delibasic (added mid-Sept. '02)
- ☐ Djordje Kustudic, Secretariat for Labor and Social Affairs
- ☐ Ana Vlahovic, Pension Fund
- ☐ David Snelbecker, TSG
- ☐ Veselin Vukotic, Privatization Council / ISSP
- ☐ Petar Ivanovic, ISSP
- ☐ Michelle Stern, Operations Advisor

Energy and Regulation

- ☐ Milorad Katnic, ISSP (added mid-Sept '02)
- ☐ Boris Buskovic, CARA/Electric Power Company of Montenegro
- ☐ Danilo Sukovic, IDN Beograd
- ☐ Jelena Jekanovic, ISSP
- ☐ Dordjo Milic, Electric Power Company of Montenegro
- ☐ Slobodan Dakovic, Regulatory Agency
- ☐ Dlabac, Private sector
- ☐ Veselin Vukotic, ISSP
- ☐ Petar Ivanovic, ISSP

Statistics

- ❑ Maja Bacovic, ISSP
- ❑ Predrag Boskovic, Economic Faculty, University of Montenegro
- ❑ Dragana Ostojic, Central Bank of Montenegro
- ❑ Mirjana Djuranovic, Statistical Office of Montenegro
- ❑ Ana Buskovic, CARA

Trade

- ❑ Petar Ivanovic, ISSP
- ❑ Mila Bajraktarevic, Ministry of Trade
- ❑ Slobodan Radovic Kruso, Montenegro Business Alliance / Private sector
- ❑ Vesna Vojinovic, Ministry of Trade
- ❑ Vladimir Kavaric, CARA
- ❑ Kadrija Kurpejovic, Ministry of Trade
- ❑ Kristina Dzudovic, Ministry of Trade

Capital Markets (on hold for now)

- ❑ Veselin Vukotic, ISSP/Privatization Council
- ❑ Zoran Djikanovic, Securities Commission
- ❑ Maja Drakic, ISSP
- ❑ Zeljko Brkovic, Central Bank of Montenegro
- ❑ Igor Kralj, Operational Group
- ❑ Drasko Veselinovic, Director of Ljubljana Stock Exchange, consulting group
- ❑ Miomir Mrak, Economic Faculty of Ljubljana

Preparing New Constitution and Negotiation with Serbia/ FRY

- ❑ Veselin Vukotic, ISSP
- ❑ Petar Ivanovic, ISSP
- ❑ Misko Ivanisevic, Minister of Finance
- ❑ Ljubisa Krgovic, Central Bank of Montenegro
- ❑ Slavica Milacic, Ministry of Foreign Affairs

ISSP SUMMARY OF RESULTS ACHIEVED

I INSTITUTIONAL DEVELOPMENT

1. Staff hired and trained. A network of part time staff or contractors established
2. Cooperation with economic institutes from abroad established or strengthened: Balkan Network, Vienna Institute, ICER, Economic Faculty from Torino-Italy, Economic Institute Zagreb, etc.
3. Full cooperation and institutional linkages with CARA and CEED established
4. Skills and knowledge of the staff improved through seminars, training programs and conferences
5. Visibility of the ISSP increased
6. New premises found. New furniture, equipment and software purchased
7. First internship program successfully completed with students from University of Michigan – William Davidson Institute
8. ISSP and CARA brochures completed
9. Database transferred to CARA
10. Library established and organized
11. Subscription for publications introduced
12. KRA teams established on (i) trade, (ii) statistics, (iii) capital markets, (iv) pension reform and (v) energy

II KRA TEAMS

Pension reform

1. Pension System Law drafted; it should be adopted by the end of the year
2. Public discussion and presentation of the drafted Pension System Law (6 public debates, 5 roundtables, media campaign)
3. New model of the pension system drafted; it will be reviewed after the creation of the final version of the law
4. Several analyses of the current system done and partially presented in different publications (MONET) and will be published in Working Paper edition. Parts of the analyses were presented in some newspapers (Monitor, Pobjeda, Vjesti). The analyses mentioned above are following:
 - Current situation in the Montenegrin pension System
 - Possibilities for reforming pension system in Montenegro
 - Demographical changes in Montenegro
 - Comparative analysis of the pension systems
 - First draft of publication “Reform of the Pension System in Montenegro”
5. Started work on the brochure that will present pension system
6. Started work on the document that will be used for public discussion and presentation of the pension reform

Statistics

1. Study on GDP calculation in Montenegro completed
2. Three working papers
3. Document with explanations of the SNA system and its functioning
4. Significant contribution to the visibility of the ISSP and credibility of the data ISSP and ERN are releasing to the domestic public and to international organizations

5. GDP estimation for 2001 (Formal Sector GDP) was approved and accepted by all relevant authorities in Montenegro and final decision to use SNA methodology was made
6. Final figure for GDP for 2001 (Formal Sector GDP) is € 1,049 million and it is going to be used as official figure as well as for budget planning in Ministry of Finance. Also, GDP for 2001 will be used as statistical input for macro model produced by KPMG/Barents group

Trade

1. ISSP participated in the process of drafting and improving the package of business legislation: Company Law, Enterprise Law, Secured Transactions Law, Enterprise Insolvency Law, Cross-Border Insolvency Law, Accounting Law, and Law on Foreign Trade
2. ISSP strongly lobbied Ministry, Government, Members of Parliament, and business people that have influence for adoption of the above-mentioned laws
3. All laws listed above were adopted by the GoM. Except for the Foreign Trade Law, all other laws were also accepted by the Parliament
4. ISSP participated in the promotion of all above-mentioned laws through the media (interviews, comments, statements, live talk shows, etc.)
5. Sectoral analysis of trade completed
6. Two working papers on trade were completed, one published
7. The first seminar on WTO organized together with US Embassy, USAID WTO Team and TSG Group.

Energy

1. Study "Utility Regulation in Montenegro" finished
2. Project, "Introduction of the block tariff for category of electricity consumers – households" finished with participation of ISSP representative
3. Study "Economic necessity of small water plant construction in Savnik" finished. ISSP representative Boris Buskovic participated in the preparation of the study
4. Roundtable, "Introduction of the block tariff for category of electricity consumers - households" organized
5. Roundtable, "Energy Law" with discussions published in Roundtable edition
6. Project "Energy efficiency" established
7. Work with Stone Webster Consultants on utility regulation.
8. Participation on the seminar "Utility regulation with special focus on regulation of Telekom services"

Capital markets

1. Collection of data
2. Analysis of the functioning of capital markets in Montenegro
3. Monitoring of all events in capital markets in Montenegro
4. Introduction of new special section in MONET
5. Organization of roundtable in February
6. Establishment of cooperation between former republic stock exchanges
7. Participation in two seminars and roundtables on capital market development

Taxes

1. Policy group on VAT established by the Ministry of Finance and started to work; ISSP representative Jadranka Kaludjerovic is member of group
2. ISSP representatives participated in drafting the VAT law that was adopted by the Montenegrin Government

3. Public campaign started and ISSP representatives took part in this campaign; five TV appearances explaining different tax issues
4. ISSP participated in developing the forms that will be used for tax registration
5. Analyzed the tax system and presented it in several ways, through working papers, MONET, explaining the system in media

III MONET

1. Completed, printed and distributed four issues of MONET (7, 8, 9, and 10). MONET 11 completed; not printed
2. MONET positions itself as a publication with influence in the society. MONET is quoted in the Parliament, among the majority and opposition, in live talk shows, etc.
3. Excellent media coverage of MONET comments, analysis and data published
4. Network of people working on MONET is spread
5. Database for MONET further developed, especially in coordination with CARA, to which one part of the database was transferred. New database that will fit all needs of ISSP researchers and analysts is partially prepared
6. Subscription on MONET introduced
7. Letters to the editor introduced in MONET.
8. A chapter on capital markets introduced as regular chapter in MONET
9. A chapter on regional comparison introduced as regular chapter in MONET

IV HOUSEHOLD SURVEY

1. Three Household Surveys were organized, data collected and processed. Analysis completed and reports published and distributed within Montenegro and abroad (HS 2, 3, and 4). Fifth report of Household Survey finalized and sent to printer
2. Section on households expenditures introduced into the questionnaire
3. Network of pollsters and analysts developed
4. Media presentation of the Household Survey was very successful. In total, approximately 40 minutes of TV presentation on different stations and 9 articles per each Household issue
5. ISSP analysts received training (SPSS and STATA software)
6. Household Survey accepted by the World Bank as a reliable source of information
7. Project manager participated in a training program in Washington, organized by World Bank, regarding data collection and processing

DETAILED REPORT CARA

1. INSTITUTIONAL BUILDING

September - December 2001.

- Five meetings were held with Veselin Vukotic, Petar Ivanovic and Hjoerdis Bierman of USAID about CARA's role and responsibilities within ERN network and organizational structure.
- Staff was hired.
- Program director was promoted (Vladimir Kavaric).
- Initial staff training, led by Program Director Vladimir Kavaric, was completed. Subject of training was structure of ERN network, procedures, organization, projects, responsibilities, mission, vision of ERN and separate units etc.
- Strategic plan for the period between 2002-2004 was defined. Mission, role of CARA as the part of ERN, as well as set of services to potential clients were defined.
- All staff attended a training program, led by Laurel Druben, related to new organization structure, personnel procedures, and human resource management.
- Organizational structure of CARA and leader's positions in the team were defined (Research manager – Ana Buskovic; Data and publishing manager- Boris Buskovic).
- Activities of CARA during the first 12 months were defined in relation to leaders of other parts of ERN network ISSP and CEED. Potential CARA services were defined.
- KRA teams were organized.
- Leader (Vladimir Kavaric) and KRA team #1 was selected - Program development and support. Members of the team are Dragana Radevic (CEED), Darko Konjevic (MBA), and Vladimir Jacimovic (CARA).
- Boris Buskovic attended 7- day seminar, "Financial management" organized by Spanish government. Seminar took place in Belgrade.
- Minor staff changes were made. Marina Radevic is transferred to CEED, and Jelena Pavicevic takes her position. Both continued to cooperate on the Household Survey.
- Established the list of consultants who will support activities of CARA as part of the ERN network. They are: Aleksandar Belevic (Telekom), Ana Radulovic (Development fund), Andrijana Garic (HLT), Bojica Boskovic (DN Vijesti), Branko Kaludjerovic (Batch Sale Office), Damjan Bakic, Dejan Potpara (MUP RCG), Dejan Vujacic (Ministry of finance), Dijana Radonjic (Internet CG), Goran Vuletic (DPS CG), Ivana Nkolic (PTT), Kadrija Kurpejovic (Ministry of trade), Kristina Dzudovic (Ministry of trade), Ljiljana Martinovic (Euromarket bank), Ljubisa Dragasevic (PTT), Marijana Mitrovic (DOO Mitrovic), Miodrag Jovanovic (Jadroagent Bar), Nikola Perovic (Plantaze), Olivera Nedic (UTIP Crna Gora dd), Predrag Stamatovic, Rasim Mujalovic (Jadroagent Bar), Zoran Mrdak (Nacionalni parkovi). Consultants were chosen from the group of students from postgraduate studies in the entrepreneurial economy, who had worked on various projects with CEED and ISSP in the past.
- Leader for KRA team #2, Information Resources and MONET Support, was selected – Boris Buskovic. Members of the team are Jadranka Kaludjerovic (ISSP), Dragana Ostojic (Central bank), Ranko Raicevic (IS Elektroprivreda), Mico Djukanovic (IS Elektroprivreda).
- Leader for KRA team #3, Research and Analysis, was selected– Ana Buskovic. Members of the team are Nina Labovic (ISSP), Danijela Grba (Central bank), and Gordana Radojevic (CARA), Marina Radevic (CEED).

- Gordana Radojevic and Jelena Pavicevic attended seminar “Financial control,” led by Jim Capio. Certificates received.
- Gordana Radojevic and Jelena Pavicevic attended seminar “Restructuring of companies” – lecturer Fletcher Hodges.
- List of CARA services is defined:
 - Database formatting and its further development
 - Database management
 - Design and implementation of surveys
 - Market research
 - Macroeconomic indicators analysis.

January - March 2002.

- Training program was continued by Predrag Ivanovic (strategic planning) and Biljana Vitorovic (software support). Training went in two directions: (i) further acquaintance with the role of members of ERN network (CARA, CEED, ISSP), mission of the network, goals in short term and long term, projects, internal procedures; (ii) expert training in areas such as work on SPSS software, data processing, science-work methodology, etc. Training programs were conducted during the weekend.
- CARA moved to another office.
- New equipment and furniture was bought.
- CARA staff participated in advocacy seminar conducted by Ralph Marlatt (CIPE Advisor).
- CARA staff participated in seminar, Company Presentation and Company Reconstruction - lecturer Paul Sperry.
- Jelena Pavicevic, Gordana Radojevic, Vladimir Kavaric and Boris Buskovic begin attending a six-month FLAG Financial Management and Control on-line course. Contact list of people and graphic designers were engaged in preparation of CARA publication, according to the needs of the entire network. They are MAPA (Jelena Dragutinovic and Mladen Djuricic), Arhangel (Nebojsa Klacar) and OBOD (print house). They were selected through small market research, according to professional references and capabilities to meet needs of CARA publishing demands.
- CARA staff participated in two two-day seminars led by Jim Capio. Subjects of the seminars were: (i) Evaluation of company financial health and methods to improve financial performance and (ii) The development of a business improvement plan.

April - June 2002.

- Ana Buskovic, Jelena Pavicevic and Vladimir Kavaric attended course on Regional Development, organized by School of Economics.
- Procedure started for implementation of Management Information System. Leaders of all KRA teams participated in this process (CEED, CARA and ISSP). Need for standardization of communication was the main reason for its implementation.
- Gordana Radojevic and Jelena Pavicevic attended three-day “Training for investment managers and brokers,” led by Fletcher Hodges. Certificates received.
- Institutional cooperation with the University of Michigan – William Davidson Institute (WDI) was established. As the part of this program there was a student exchange in CARA, during May, June and July. Heather Brownfield and Sebastian Anostopolos were hosted in CARA. During their stay in CARA, Heather Brownfield worked on: (i) Household Budget Survey, (ii) staff training on usage of STATA software and (iii)

transfer of part of data (business data) from SPSS to STATA, while Sebastian Anostopulos worked on infrastructure projects in Montenegro.

- A new member joined as consultant to the KRA Research and Analysis team (Miroslav Prokopijevic, Institute for European Studies).
- Ana Buskovic, Gordana Radojevic and Jelena Pavicevic attended training program for Business Associations Leaders.
- Team for the web site design was selected.
- Consultation with internal and external experts on selection of adequate statistical software for analyses was undertaken. Needed capacities, time dynamics and operative possibilities were defined.
- Small analysis on software usage in other institutions in Montenegro was implemented. STATA software was chosen and procured.
- CARA staff members attended seminar "Introduction to ISO 9000 and ISO 14000 training program" led by lecturer Jane Schweiker.

July – September 2002.

- Work on web site design started.
- Training on usage of STATA software for the members of ERN was undertaken. Ana Buskovic, Jelena Pavicevic and Gordana Radojevic were trained during this STATA training program. Training led by Heather Brownfield.
- Vladimir Kavacic intended 20-day course, "Financial reporting- (IAS)" in Sarajevo, organized by USAID. He received internationally recognized certificate.
- Leader for KRA team #4, Publication and Communication, was selected- Michelle Stern.
- New members join the KRA Program Support and Development team (Misko Djuranovic, Faculty of economics), KRA Research and Analysis team (Zarko Djuricic, Ministry for Agriculture, Goranka Lazovic, Ministry of Tourism), KRA Information resources and MONET support team (Ana Popovic, Ministry of Finance).
- Ana Buskovic participated in two-week seminar "International Summer School for European Studies" organized by Institute for European Studies in Belgrade.
- Vladimir Jacimovic went on a study trip to MGU in Russia.
- CARA's team participated on Milocer's Economic Forum
- Analysis of major results and activities in last 12 months was taken. Established new techniques in order to improve communication. CARA's team also prepared detailed Annual Report for period September 1, 2001 –September 30, 2002.

2. RESEARCH

September - December 2001.

- CARA's staff (Ana Buskovic, Gordana Radojevic, Jelena Pavicevic) worked on data entry, data processing, basic analyses for Household Survey 2, as well as supervision of questionnaires. They started preparations for next survey round.
- CARA's obligations for Household Survey 3 (data processing, basic analyses, introducing new cross tabs) completed.
- For USAID/OTI use only, Ana Buskovic, Gordana Radojevic, Jelena Pavicevic worked on production of household survey breakdown by municipalities.

January - March 2002.

- Topic for the first research was defined – Trade Sector Analysis.

- Plan on research and projects for 2002 was defined. For this purpose, several meetings were organized with Petar Ivanovic (CEO ERN), Vladimir Kavaric (CARA), Dragana Radevic (CEED), Darko Konjevic (MBA), and Jadranka Kaludjerovic (ISSP).
- Role of various parts of ERN network was defined regarding activities on Household Budget Survey, Business Rating and Barriers for business in Montenegro. CARA expressed readiness to respond efficiently to all demands from the ERN network.
- A meeting in the Ministry of Trade was organized with: Petar Ivanovic, Vladimir Kavaric, Dragana Radevic, Mila Barjaktarevic, Vesna Vojinovic, Kadrija Kurpejovic. Dynamics, procedures, and responsibilities were defined for Trade Sector Analysis. Team for the implementation of the project was selected, with Vladimir Kavaric responsible for the data analysis, Ana Buskovic for data entry and Boris Buskovic for software processing.
- A number of meetings were held with the ISSP KRA team members who work on trade issue.
- Questionnaire for Trade Sector Analysis was designed, data were compiled, entry of data was completed and the data processing started.
- CARA team that will work on Human Development in Montenegro was defined. Members of this team will be: Vladimir Kavaric, Ana Buskovic and Boris Buskovic. CARA's assignment is to gather data and to analyze the chapters on Transition, Poverty and Standard of Living in Montenegro, and Media in Montenegro. Data were gathered; draft analyses were completed.

April - June 2002.

- Software processing was completed and Trade Sector Analysis started.
- Subject of the second research was defined – Analysis of Agricultural Sector in Montenegro; the team was defined as Petar Ivanovic, Vladimir Kavaric, Dragana Radevic and Jadranka Kaludjerovic. It was agreed that research should be divided into several sub-projects due to the complexity of the subject. The result of the research should be a detailed and comprehensive study of the entire agricultural sector. Data were gathered for the first part of the study, Agricultural Sector Analysis- Wine Production in Montenegro. Several meetings were organized in the Ministry of Agriculture.
- Several meetings with the Business Rating- Montenegro coordinator, Jelena Jaukovic, were held to discuss CARA's participation. An agreement was made to use EXCEL. CARA's obligation is to filter the data into the EXCEL, as well as to sort the 300 best enterprises according to 5 criteria.
- Draft version of the Trade Sector Analysis was completed.
- Part of the agriculture project Wine Production in Montenegro was completed. Next phase of the agriculture sector analysis project was defined – Potential of Primary Agriculture Production in Montenegro. During a meeting in the Ministry of Agriculture, with Petar Ivanovic, Vladimir Kavaric, Bozidar Stamatovic and Zarko Vucinic - Ministry of Agriculture, the timetable of the research was defined. Members of the project team are: Project Coordinators: Bozidar Stamatovic- Ministry of Agriculture of Republic of Montenegro, and Vladimir Kavaric- CARA; Analysis of the data: Dragana Radevic- CARA; Software creation: Boris Buskovic- CARA; Entering data: Budimka Mickovic-, Veljko Karadzic, Mersa Molabecirovic, and Biljana Kovacevic- CEED, Surveyors: Renato Prenkocevic, CEED (Malesija), Jovan Nikolic, (Zeta), Brudic Darko, (Danilovgrad), Milo Radovic, (Bijelo Polje), Aco Golubovic, (Berane), and Popovic Aleksandar (Ulcinj), Ministry of agriculture.
- Agriculture producers survey was completed in Zeta, Malesija, Danilovgrad, Bijelo Polje, Berane and Ulcinj.

- Contact between Miroslav Prokopijevic from the Institute for European Studies and Vladimir Kavacic from CARA was established for the purpose of Measurement of Economic Freedom. Project team was selected.
- Draft version of Human Development in Montenegro was finished and revision started.
- Part of the analysis for Household Survey 4 was completed.
- Data gathering for the Potentials of the Primary Agriculture Production in Montenegro was completed and analysis started.
- Research on Wine Production in Montenegro was completed.
- Filtering and sorting of data for Business Rating- Montenegro was completed.
- Draft version of project sent for revision to team of WDI students and Michelle Stern.
- After receiving suggestions and making revisions, Trade Sector Analysis was completed.
- Miroslav Prokopijevic organized the conceptual framework for the Measurement of Economic Freedom in Montenegro. Data collection was started.
- Revised and completed final version of CARA's part of Human Development in Montenegro..
- In cooperation with CEED, work on Investment Guide for Montenegro was started.

July - September 2002.

- Collection and processing of the data for the Measurement of Economic Freedom in Montenegro continued. Analysis was started.
- Filtering and sorting the data for Business Rating- Montenegro was started.
- Work on Investment Guide for Montenegro continued. Leader of this research is CEED. CARA is providing support for one segment of the guide. Draft version was prepared.
- Draft version of sectoral analysis Tourism in Montenegro was completed.
- Draft version of the Measurement of Economic Freedom in Montenegro was completed.
- Completed analysis of one chapter of the project Barriers for Business in Montenegro. .
- CARA's staff (Ana Buskovic, Gordana Radojevic, Jelena Pavicevic) finished data entry, data processing and basic analyses for Household Survey 5. Otherwise, CARA's staff completed comments on housing and assets and gender inequality chapters.
- Draft version of Trade Sector Analysis was updated according to changes that had occurred during the last two months and Trade Sector Analysis was prepared for publishing (including layout and graphic design).
- Ana Buskovic, Gordana Radojevic and Jelena Pavicevic completed CARA's obligation for Tourist Ambassador Program (data entry, data processing and analyses). in cooperation with CEED.

3. DATA BASE ESTABLISHMENT, MAINTANCE AND DEVELOPMENT

September - December 2001.

- Team for database creation was selected. Members are: Boris Buskovic, Vladimir Jacimovic- software support; Jadranka Kaludjerovic, Ana Delibasic, Milorad Katnic, Tijana Lekovic, Jelena Jaukovic. Conceptual framework for data base creation was determined.
- Demands were collected from final users for the purpose of determining the data base structure and software requirements.
- External consultants were engaged.

- Database structure was defined. It will consist of the following areas: (i) employment, (ii) salaries, (iii) production, (iv) current account, (v) budget; (vi) pensions, (vii) data base of contacts and business cards, (viii) data base of enterprises in Montenegro.

January - March 2002.

- Technical performances of program packages were tested on Faculty of Natural Science (Boris Buskovic, Vladimir Jacimovic).
- Testing of technical and operational performances of program packages was completed for the data processing, EXCEL, ACCESS, ORACLE.
- After testing the program packages, it was decided that the database should be made in ACCESS.
- "Raw" data for the following areas was filtered into ACCESS: employment, salaries, production, and contacts.

April - June 2002.

- Adaptation of the database was made through several iterations according to the demands of the end-users ISSP and CEED.
- "Raw" data for the following areas was filtered into ACCESS: current account and database of enterprises in Montenegro.
- Updating the database with "raw" data.
- Databases were completed for: (i) employment, (ii) salaries, (iii) production, (iv) current account, (v) database of business cards, (vi) database of enterprises in Montenegro.

July - September 2002.

- "Raw" data for the following areas was filtered into ACCESS: (i) pensions and (ii) budget.
- Improvement of operating performances (including controlled access and protection of database) was done for following areas: (i) employment, (ii) salaries, (iii) production, (iv) current account, (v) database of enterprises in Montenegro.

4. MONET SUPPORT

September - December 2001

- In negotiation with Petar Ivanovic, Jadranka Kaludjerovic, Boris Buskovic and Vladimir Kavacic, responsibilities for MONET publication are defined. CARA's services in providing support for MONET are: lay out, design of tables and graphs, preparation of data and all kind of publishing support, as well as updating of website.
- Technical preparation for MONET. CARA's responsibilities in MONET preparation are layout, design, preparation of data and updating of MONET's website.
- All obligations for MONET 7 are finished.

January - March 2002.

- Contact lists by sectors and institutions were completed, together with sorting needed data and the schedule for data gathering, so that MONET could be published according to the agreed timetable.

- Eleven meetings were held with representatives of various institutions, together with ISSP researchers. CARA is trying to work on data gathering more so that the ISSP researchers can spend more time on data analysis.
- Beginning of transfer of responsibility to CARA. Priority is gathering and systematization of existing data and appropriate software creation. The last phase will be data gathering from different institutions.
- Layout, design and preparation of data for MONET 8 were completed.

April - June 2002.

- There were several meetings with the representatives of Montenegrin institutions with the purpose to obtain accurate and standardized transfer of information led by Petar Ivanovic, Vladimir Kavaric and Boris Buskovic. Meetings were held with: Central Bank (Dragana Ostojic, Danijela Grba), Tax Administration Office (Radmila Radunovic), Fund PIO (Svetlana Rotkovic), Fund for Development (Dusanka Nikitovic), Health Fund (Suzana Popovic), Ministry of Finance (Milan Dabovic, Ana Popovic), Statistical Office (Mirjana Djuranovic, Natasa Djuranovic), Employment Fund (Dragica Pekovic).
- Layout, design and preparation of data for MONET 9 were completed.
- Updating of website for this quarter was completed

July - September 2002.

- Layout, design and preparation of data for MONET 10 were completed.
- Updating of website for this quarter was completed.
- Preparation of data for MONET 11 completed.
- Layout and design for MONET 11 were completed.

5. PUBLISHING, NEWSLETTER AND PROMOTION

September - December 2001.

- First promotions of CARA were at presentation of “Business Rating - Montenegro” project and roundtable “Insolvency Law.”
- CARA Program director Vladimir Kavaric gave a lecture at a seminar “Role of Media in Reforms,” organized by CEED and IREX.
- Vladimir Kavaric was a guest on 4 TV shows (Morning program of RTV CG, Perper, ELMAG TV, Blue Moon TV etc.).

January - March 2002.

- Vladimir Kavaric gave a lecture at the Faculty of Economics on “Demographic analysis.”
- Vladimir Kavaric was the guest on Radio Free Europe.

April - June 2002.

- The first newsletter in cooperation with ISSP was prepared by the team: Michelle Stern, Jadranka Kaludjerovic, Vladimir Kavaric, Nina Labovic and Ana Buskovic.
- Vladimir Kavaric was a guest on 3 radio shows, including Radio Free Europe.
- Draft of the first leaflet was prepared by Michelle Stern and Ashley Bowen.

- Vladimir Kavarić gave a lecture at the Nautical Faculty in Kotor.
- Vladimir Kavarić gave a lecture at the seminar “Tourist Ambassador Program” in Herceg Novi.
- 3 statements were given to the newspaper.

July - September 2002.

- Boris Busković participated in the roundtable “Regulation in Elektroprivreda.”
- Vladimir Kavarić gave 2 statements for Radio Free Europe.
- Marketing strategy is in the process of preparation as part of the overall marketing strategy of ERN, implemented by the Advocacy Coordinator – Jelena Bobić.
- Vladimir Kavarić was a guest on 2 TV shows (TV MBC, Euro- II channel RTV CG).
- CARA presentation was held at the Milocer Economic Forum.

DETAILED REPORT ISSP

1. INSTITUTIONAL DEVELOPMENT

September – December 2001.

- USAID accepted the Chesapeake/ISSP proposal and extended the grant for another 24 months
- The Economic Forum was held in Milocer. The ISSP presented its work on the first day of the conference and had a publicity desk open throughout the event. This was an excellent opportunity for ISSP to present its work to more than 500 economists from all over Yugoslavia. A meeting was held with Professor Shiego Matsushita from University of Shizuoka from Japan, who is an expert on international relations and has spent several years conducting research in different Eastern European countries. Members of the ISSP team gave the Professor information regarding the Montenegrin economy and society. Foundation for future cooperation was established.
- New employees hired for ISSP and CARA.
- Ms. Laurel Druben visited the Institute. During her visit, a strategic plan for the Economic Reform Network was developed. She held separate meetings with all ISSP employees to discuss employee responsibilities and how they see their work and the work of the ISSP as an organization.
- At the end of Ms. Druben's visit, she facilitated a two-day training seminar with all employees in the Economic Reform Network. She presented a strategic plan for the entire network, in terms of organizational structure, key result areas by ERN component and responsibilities of general managers. During the meeting, a framework for economic development in Montenegro was developed by subject area, priority issues, legal actions and ERN approaches. Based on this, the ISSP network and representative functions within teams were defined. A work plan was developed with activities for each organization (ISSP, CEED and CARA) defined by key activities, responsible parties and time targets.
- Together with the Union of Accountants of Montenegro, ISSP organized a 3-day roundtable in Podgorica. On the first day, ISSP Executive Director Petar Ivanovic presented a paper, "Why International Accounting Standards are Important." On the second day, ISSP President Veselin Vukotic presented his working paper, and on the third day, Maja Bacovic presented her discussion paper on Accounting Education. Dr. Vukotic led one working group and also joined the group that closed the seminar.
- Dr. Vukotic and Mr. Ivanovic attended the US Export -Import Bank Regional Conference in Dubrovnik, followed by the Conference on Development of the Financial Markets in the region sponsored by several banks and private companies and held in Cavtat (near Dubrovnik).
- Work began on the new design and content of the ISSP web page. The new web page will contain more detailed information on ISSP projects and plans, and the design will also be improved.
- ISSP located a new office space. Plans for moving ISSP and CARA were made.
- Two ISSP representatives, Jadranka Kaludjerovic and Milorad Katnic, attended a two-day conference in Belgrade titled Fiscal Decentralization. Individuals from the World Bank, UNDP, G17 Institute, Institute for European studies, Economic Institute from Belgrade, Federal Ministry of Finance and others participated in the conference.
- Professor Vukotic attended the conference French-Yugoslav Economic Relations at the French Center for Foreign Trade in Paris. More than 150 entrepreneurs and companies from France were present at this conference.

- Petar Ivanovic attended the SEE PIN (South East Europe Policy Institute Network) meeting in Vienna
- Petar Ivanovic attended the second meeting of the consultative group for accession to EU in Belgrade as a member of an expert delegation from Montenegro.
- Petar Ivanovic presented the latest achievements of the Institute to US Ambassador Bill Montgomery at the USAID implementers meeting
- Petar Ivanovic met with several new representatives of Barents/KPMG group and discussed possible ways to cooperate, especially in the area of implementation of the new laws prepared by PWC and Barents/KPMG group,
- Petar Ivanovic met in Belgrade with representative of Canadian group CESO, WB program in FRY (Montenegro and Serbia) and SEED Office and discussed possible cooperation.
- ISSP employee Nina Labovic returned from a 6-month training course in Germany. She spent four months at Deutsche Bank, where she worked in the credit analysis, market research and credit and risk analysis departments, and two months at the German Institute for Economic Research in Berlin, where she worked on projects related to data collection and analysis of employment and wages in Germany and comparison with other countries in EU, export-import analysis, GDP and industrial output calculation, and EURO introduction in EU. The knowledge gathered and skills developed will be very useful for improving the capacity of the ISSP research team.
- All members of the ERN network met to discuss plans for further activities, reporting procedures and current problems, and to develop better understanding of activities and responsibilities.
- UNDP completed the final Year in Review- Early Warning Report. The Early Warning System Workshop in Belgrade was an opportunity to review the process before commencing the next cycle of the project. ISSP representative Jadranka Kaludjerovic participated in the workshop. Representatives from many non-governmental organizations from Serbia and from abroad were present
- Ana Delibasic, ISSP researcher, participated in a training program on European Union - EU Trainer Program organized by Montenegrin Institute for Public Administration from Podgorica and Institute for European Policy from Berlin. The subject of the seminar was economic aspects of EU. All participants who pas the exam will receive certificates and will become EU trainers.
- The SEEPAD Meeting (South East European Partnership on Accountancy Development) was held in Istanbul. Two ISSP representatives, Maja Bacovic and Ana Delibasic, attended the seminar to create a partnership in the region and to enhance regional cooperation in the field of accounting standardization in the region.

January – March 2002.

- ISSP successfully moved into the new premises. New equipment and furniture were bought. Started work on the network creation and implementation of some software programs.
- ISSP activity plan was further developed and future steps in the work on some specific activities were defined.
- Several members of ISSP, Jadranka Kaludjerovic, Milorad Katnic, Tijana Lekovic, Nina Labovic and Ana Delibasic, attended a course on International Finance, organized by Montenegrin School of Economics, from January 10- 12. The lecturer was Mr. Mojmir Mrak from Slovenia (special adviser to the KRA Capital Market Team).

- One ISSP member, Milorad Katnic, attended seventh part of training program on development of consulting and managerial skills. This will be probably more developed in the practical work in some of the further phases of this training program. The title of the seminar is Strategic Development of SMEs in Montenegro, organized by SME agency, CEED and ILTIS from Germany.
- ISSP had several internal meetings to develop its working plan. An additional meeting was organized with the representatives of all ERN organizations.
- Work on the ISSP/CARA newsletter started and responsibilities were divided.
- ISSP staff worked on the creation of ERN brochure. First draft of ERN brochure completed.
- Several meetings with CARA were organized to define future steps for transmission of databases from ISSP to CARA and to provide suggestions to CARA database development team on creation of new databases.
- Training on SPSS software was organized for all ERN (ISSP-CARA-CEED) members. Lecturer was Farid Matuk, Barents expert. ISSP staff improved their SPSS skills. This software will be used to analyze the Household Survey and other kind of different analyses that will be done in ISSP.
- The first draft of newsletter was revised and second draft was created.
- During this quarter, ISSP Library was organized. Issues of Economic Perspectives, The American Economic Review, National Tax Journal and Econometrica from previous years were sent from the President's Council of Economic Advisers in the USA via Chesapeake Associates. Additional books, journal, reviews, magazines were bought and organized to create a library.
- First draft of subscription form for MONET was designed. Ways of payment were discussed among ERN managers.
- ISSP promoted its activities and services in Directory of NGO's in Montenegro, prepared by the Center for Development of NGO's. The Directory is delivered to institutions and organizations in this country and abroad.
- Petar Ivanovic attended a conference on financial sector reform organized by USAID in Zagreb. Margot Machol also attended, and the two of them, along with Krassen Stanchev of IME-Sofia, made a presentation to the conference participants on the role of economic think tanks in policy reform.
- Petar Ivanovic and Margot Machol met with Hjoerdis Bierman of USAID to discuss the ISSP workplan and budget.

April – June 2002.

- ISSP activity list was developed for clearer presentation and easier reporting on activities.
- All members of ISSP participated in seminar on Team Communication, facilitated by Tijana Mandic and organized especially for members of ERN network. Tijana Mandic is one of the best psychologists for negotiations and team building, with great experience with famous companies in this country and abroad.
- Preparation for interns from the William Davidson Institute of the University of Michigan. List of areas that they can work on was developed in consultation with the researchers in ISSP. Preparations were made for their stay here, hotels contacted, rent agencies, traveling agencies.
- Interns arrived from US; started working with ISSP. They are focusing mostly on specific project work: (i) one worked on the Household Survey (ii) another on Pension Reform (iii) third on the infrastructure in Montenegro

- Margot Machol visited for one week to meet with all of the interns and organize their activities.
- Final version of subscription form designed and sent with the last issue of MONET.
- New editor is hired who will work with all the ERN organizations.
- Short training was organized for the ISSP employees with the subject, how to structure an article in the field of economics. Lecturer was Boris Najman, from CEPS.
- Program manager, Jadranka Kaludjerovic, left for a 2-month study program in Italy. She will work at the Torino University and ICER (International Center for Economic Research).
- ISSP employee, Ana Delibasic, attended training program on the European Union. The main purpose of this training is to introduce participants to EU legislation and institutions, as well as to enable participants to conduct subsequent training on EU topics related to public administration, the broader public and other interested parties. The training program consisted of: visits to German national government institutions dealing with the EU, meetings with German officials dealing with the Balkans, visiting EU institutions, meetings with EU officials on the SA process and internal EU policy, and preparation of multinational group presentation on the selected EU topics.
- Collaboration continues with CARA on building the database system.
- Work continues on ISSP brochure.

July – September 2002

- Two researchers from ISSP, Milorad Katnic and Tijana Lekovic, attended summer school on Public Finance and Public Choice June 17-July 5, 2002. The school was organized at Herceg Novi, Montenegro by Center for Banking, Finance and International Economics. Some of the lecturers were: (i) Dr. Alex Mourmouras (IMF Washington D.C.), Prof. Dr. Kjetil Storesletten (University of Stockholm), Prof. Dr. Arye Hillman (Bar-Ilan University Israel); Dr. Peter Sanfey (London), Zeljko Bogetic (IMF Washington) etc.
- Nina Labovic, ISSP analyst, attended International Summer School in European Studies in Belgrade. The seminar lasted two weeks. It was organized by the Institute for Economic Studies and led by Ph.D. Miroslav Prokopijevic and Ph.D. Jovan Teokarevic.
- Started preparation for Economic Forum in Milocer. The ISSP will be presented at the forum and Professor Vukotic, Petar Ivanovic, Maja Bacovic and Jadranka Kaludjerovic will present their studies on different economic issues.
- All ISSP staff participated on the Economic Forum in Milocer, for one to three days. The subject of the conference was “Capital markets, corporate management and concentration of capital.” Profesor Vukotic, Petar Ivanovic and Maja Bacovic presented different economic issues. Maja Bacovic and Petar Ivanovic facilitated two separate panel discussions. Jadranka Kaludjerovic and Michelle Stern presented ISSP during the second day of the conference. Other ISSP participants actively participated in the discussions. ISSP had its own desk for promotion, at which all publications were presented. Participants of the conference had opportunity to buy publications or to order them, while material about ISSP was delivered for free.
- Margot Machol had a one-week visit to ISSP. During her visit, many different issues were discussed, including job descriptions, reporting procedures, delivering information about ISSP media activities to outsiders, charting activities, communication, relations with foreign institutions, etc.
- Three meetings with Barents and USAID representatives were organized to discuss ISSP’s ongoing and future activities and cooperation with Barents. Energy (including electricity) with Milorad Katnic and Boris Buskovic, pension reform with Ana Delibasic

and Tijana Lekovic, and, to a lesser extent, tourism with Michelle Stern, were defined as areas in which ISSP and Barents will work together closely until the end of the year.

- Petar Ivanovic and Jadranka Kaludjerovic worked on the yearly report for ISSP.

2. KRA TEAMS

2.1 PENSION REFORM

September – December 2001.

- The pension reform expert group was established with help from ISSP President Dr. Vukotic. The expert group met in order to present the Pension Model. The focus of the discussion was on the inputs of the suggested model. Researcher, Tijana Lekovic, from ISSP gave a short presentation on demographic data.
- Members of the pension reform group are: David Snelbecker -TSG, Vladimir Pajovic - Barents, Ana Vlahovic –Pension Fund, Tijana Lekovic-ISSP, Dragan Kustudic –Ministry of Labor and Social Affairs, Jovo Pajovic-Pension Fund, Veselin Vukcevic-Ministry of Labor and Social Affairs, Trina Rand-TSG, Michael Cohen-Barents.
- The pension reform group met a second time to decide what statistical data should be collected for the further development of the suggested pension model.
- A presentation on Pension System Reform was organized and hosted by the Institute. Presenters included ISSP employees and consultants from the Barents project in Montenegro. The current situation of the pension system was discussed and the causes of the crisis in the system and the influence of demographic trends were explained. Experts on the pension system presented proposals for reforming it, mainly by establishing private pension funds.
- ISSP representatives participated in the discussion on pension reform organized and hosted by Barents.
- The pension reform group had a planning meeting on organizing a seminar on pension reform in Montenegro. ISSP team member Tijana Lekovic will make a presentation on the Economic Policy of Pension Reform. Team members started preparing the material to be presented at the seminar.
- A 1-day seminar on Pension System Reform in Montenegro organized by ISSP and USAID, was held in Podgorica. It was organized to discuss pension system reform with all major institutions in Montenegro. Two major subjects were the system of social insurance in Montenegro and alternatives and main questions of the reform process. Participants with discussions: Dragisa Burzan-(Ministry of Labor and Social Affairs), Dusko Lalicevic (Fund PIO), Rajko Lakovic (Statistical Office of Montenegro), David Snelbecker (TSG Group), Petar Ivanovic (ISSP), Vladimir Pajovic (Barents), Lena Zezulin (Barents), Tijana Lekovic (ISSP), Mamta Murthi (World Bank), Veselin Vukotic (ISSP).
- ISSP organized a roundtable on “Pension reforms in Montenegro.” Topics included: How to cover transaction costs; List of priorities; Role of information in the process of pension reforms; How to get support from private sector; Possibilities of issuing long-term government bonds.

January – March 2002

- 3 meetings of the pension reform group were held, during which future work on pension reform was discussed. Pension reform in other countries was discussed. Result was more detailed timetable of future activities and steps that have to be taken.

- 5 meetings of the pension reform group to develop work on pension system reform and modeling. Started work on the model.
- 6 meetings with the pension reform group to work on pension system reform and modeling. Model further developed.
- Presentation and lecture for Eco Press Club by the members of pension reform group: David Snalbecker, Tijana Lekovic and Vladimir Pajovic. The purpose of this lecture was to present all information and educate journalists about pension reforms. 15 journalists, from different media, were present.

April – June 2002.

- Seminar on pension reform in Montenegro was organized by ISSP and USAID in Podgorica, with participants from USAID, Ministry of Labor and Social Affairs, ISSP, and Fund PIO, together with the representatives of World Bank and OECD. Discussion about the model of reform was discussed.
- Work on the Pension System Law was intensive during this month For the Pension Law Working Group, with representatives of Barents, Ministry of Labor and Social Affairs, ISSP and Fund PIO. The main task of this group will be drafting of the Pension Law. The Pension Law Working Group had several meetings to improve the draft version of law.
- Pension Law Working Group continued work on the new draft version of Pension Law during this month. The Working Group and Barents' Pension Reform Team attended a meeting at our office on macroeconomic indicators in Montenegro.
- Tijana Lekovic had a 30-minute radio interview on this topic.
- Tijana Lekovic and University of Michigan intern Luis Castro started documenting history of pension reform in Montenegro. Luis prepared an article on pension reform in Latin America for MONET 10.
- University of Michigan intern Luis Castro worked with ISSP researcher and member of pension reform group on paper on pension reform; part of it will be published in MONET 11. Michelle Stern, Professor Vukotic and Barents pension team met to discuss adding questions related to pension reform on the Household Survey questionnaire and to have Tijana do training on pension model for government employees.
- ISSP prepared first draft of publication, Reform of the Pension System in Montenegro. The publication includes work of the ISSP on pension reform since 1999.

July – September 2002.

- Public presentation of the New Pension System Law was intensified during this month. Six public discussions were organized in six municipalities all over Montenegro. Representative of ISSP, Tijana Lekovic, participated in the organization process and gave a speech at three events (Niksic, Podgorica, Bar). There were an average of 20 to 30 citizens at each of these public discussions. All public debates were covered in daily newspapers.
- Tijana Lekovic started to work on a brochure on the pension system in Montenegro.
- Discussions about second pillar are postponed until after elections. The Fund PIO is currently reformed. There were no meetings during this month.
- Tijana Lekovic took part in a TV show, on state TV, about pension reform. The show lasted 1 hour. She and a representative of Ministry of Labor and Social Affairs participated. Citizens had an opportunity to ask questions in the second part of the show, while several journalists from different TV stations were present in the studio and asked questions.

- Outline for the brochure about pension system reform is finished.
- Tijana Lekovic had two meetings with Mr. Kolberg regarding the analyses of the pensioners in the Household Survey. Mr. Koalberg and Tijana Lekovic will work on the pension section in order to improve it in the Household Survey.

2.2 STATISTICS

September – December 2001.

- A working group on introducing Standard National Accounts (SNA) system, led by ISSP, had its first meeting to clarify the action plan and the responsibilities of each team member.
- Work was begun on the analysis of the SNA system and preparation of a document in which all main issues about the SNA system will be explained.
- ISSP experts on the SNA system started to work on preparation of the document in which the statistical system in Montenegro and its functioning is explained. Research work started. Three meetings were organized in which the timetable of future activities was defined; various issues were discussed.
- Work on the statistical system of Montenegro was further developed with suggestions for improvements of the system and introduction of SNA system. Four meetings were organized with different representatives of the Statistical Office of Montenegro.
- Work was started on the working paper on implementation of the international statistical standards in Montenegro.

January – March 2002.

- First draft of document that explains the statistical system in Montenegro was discussed in a meeting. Some changes were accepted and the group began working on them.
- Working paper was finalized on Implementation of the International Statistics Standards in Montenegro.
- Short document was prepared and revised with a presentation of the main changes that have to be done to reform the statistical system.
- Working paper, Reform of the Statistical System in Montenegro, was completed.

April – June 2002.

- Extensive work on calculating GDP in Montenegro was reviewed. Despite the fact that several organizations were trying to provide their estimates, KRA team decided to continue its efforts on a separate study of GDP calculation.
- Maja Bacovic, KRA team leader on statistics, had three meetings with interns from the University of Michigan to expand work in this area. The result of the work should be the improvement of the document on SNA system and its introduction in Montenegro.
- Working paper, Concept and Statistical Evidence of the Human Development in Montenegro, was completed.
- Work on the GDP calculation in Montenegro was continued.

July – September 2002.

- Study, GDP calculation in Montenegro, was completed.

- 3 working papers (Concept and Statistical Evidence of the Human Development in Montenegro, Reform of the Statistical System in Montenegro, and Implementation of the International Statistical Standards in Montenegro) were graphically designed, prepared, and printed.
- In cooperation with KPMG/Barents Group, Ministry of Finance in Government of Montenegro, and the Secretariat for Development and Statistical Office of Montenegro, four meetings were held on implementation of SNA methodology in statistical system in Montenegro.
- Final meeting was held in Ministry of Finance, on September 27, 2002. Representatives participated from: ISSP, KPMG/Barents group, Ministry of Finance, Secretariat for Development of Montenegro, Central Bank of Montenegro, and Statistical Office of Montenegro. All institutions accepted SNA methodology as a basis for further reform of the statistical system in Montenegro. Further steps (training and other activities) will be defined in the near future.

2.3 TRADE

September – December 2001.

- Petar Ivanovic was chosen as the only non-government member to participate in the expert group established by the GoM with the aim to improve the following laws: Enterprise Law, Secured Transactions Law, Enterprise Insolvency Law, and Cross-Border Insolvency Law. The expert group had nine meetings over the September, in which it went into the details analyzing each provision.
- ISSP started preparing roundtable discussions on five new laws: (i) Enterprise Law (ii) Secured Transactions Law, (iii) Enterprise Insolvency Law, (iv) Cross-Border Insolvency Law, and (v) Accounting Law.
- The expert group established by the GoM continued to work on the package of business laws and finalized the new Enterprise Law. The law was accepted by the Government of Montenegro and submitted to the Parliament.
- The expert group established by ISSP and Ministry of Trade, led by Petar Ivanovic, started to work on the new Foreign Trade Law. It is expected that draft version of the law will be prepared by the end of November. (Establishment of this expert team was actually the beginning of the KRA team for trade).
- ISSP hosted 5 roundtables during the December including (i) three roundtables on the new Enterprise Law; (ii) one on the Secured Transactions Law, Enterprise Insolvency Law and the Cross-Border Insolvency Law, and (iii) one on the new Accounting Law. ISSP involved others in preparation of the roundtables, including Ministry of Finance, Montenegro Business Alliance, and the Workers' Union of Montenegro. Besides organizing these events and facilitating the roundtable discussion, whenever possible, ISSP recorded discussions and prepared a written report with all discussions, material and list of participants, published as its Roundtable edition.
- After intensive work, the expert team set up by the ISSP and Ministry of Trade prepared the first draft version of the Foreign Trade Law. Team members started preparing discussion on the proposed law.
- Several ISSP team members started preparing a brochure on the package of new enterprise legislation according to the new Company Law. This brochure will help promote the laws, as it will help citizens understand the registration procedure.

- ISSP started preparing for the roundtable on the new Law on Electronic Signatures, to be hosted in Podgorica. Experts who worked on drafting the law will participate, as will representatives from the private and public sectors and media.
- Petar Ivanovic met with GoM Prime Minister and presented the views of ISSP on several laws that are in the process of submission to the Parliament, with special emphasis given to the new Accounting Law. Mr. Ivanovic was lobbying for faster reaction by the GoM and Parliament.
- During the month there were ten debates, meetings and small roundtables in which the new Foreign Trade Law was discussed with business people, decision-makers and government representatives. Final version of the Law was submitted to the Government of Montenegro. GoM accepted the new Law and submitted it the Parliament.
- ISSP organized a roundtable on Electronic Trade Law and Electronic Signature Law. More than 30 participants from the private and public sector involved in the implementation of these laws participated and provided their comments. Minister of Trade Mr. Ivan Raicevic, co-chaired the roundtable discussion together with Mr. Ivanovic. Representatives of all Montenegrin media were invited to the roundtable. Discussions were recorded and will be available in the Roundtable edition.
- Petar Ivanovic met with several EU delegations. The most productive meeting was with Mr. Chris Walker, EU representative, who proposed a project titled “TAM and BUS” program for recovering enterprises in Montenegro.

January – March 2002.

- ISSP started to work on the leaflet Company Law in which all main issues from the law will be presented in a simple and understandable way. The leaflet will be delivered to state institutions and administrators, enterprises and entrepreneurs, media etc., and used to explain the Law to the public.
- Petar Ivanovic and Nina Labovic, ISSP researcher, met with the Minister of Trade. The discussion was about implementation of the Foreign Trade Law and presentation of this law to the public, as well as an analysis of the trade sector in Montenegro.
- First draft of Company Law leaflet was finished and reviewed. Petar Ivanovic decided to shift this work to CEED and to establish a new edition entitled Fruitful, where all new laws will be separately explained. ISSP/CARA will provide their input and comments.
- Questionnaire for Trade Sector Analysis designed and data entered.
- Four meetings with US Embassy officials related to WTO issues were organized in Podgorica and Belgrade. Preparation for series of training seminars started.

April – June 2002.

- Operational Strategy of Montenegro, which provides a general explanation of all economic sectors in Montenegro with recommended changes was reviewed and updated into a form that can be used as a tool for advocacy.
- Trade Sector Analysis started.
- Work on Trade Sector Analysis was very intensive. 10 meetings with representatives of government institutions and the major trade companies in Montenegro were organized. ISSP researchers helped CARA in this process.
- Activities related to seminars on WTO issues were continued. KRA team discussed opportunities and challenges for Montenegro.
- Draft version of Trade Sector Analysis was completed.

- Draft version of Trade Sector Analysis on the trade sector was finalized. ISSP/CARA and KRA trade team had three meetings and provided comments.
- Final version of Trade Sector Analysis completed.

July – September 2002.

- Working paper on three principals of free trade completed.
- Working paper on “Trade policy harmonization of Balkan and Montenegrin foreign trade policy development” was finalized, not printed
- Preparation started for the first seminar on WTO to be organized in September.
- Working paper on “Trade policy harmonization of Balkan and Montenegrin foreign trade policy development” graphically designed and printed
- Two meetings held with a representative of Ministry of Trade regarding the organization of the WTO seminar in September. Responsibilities of each party were defined and list of participants was created. Future steps in organization of the seminar agreed on.
- Seminar, An Introduction to the World Trade Organization and its Agreements, was organized by ISSP and USAID. The seminar lasted two days (September 12- 13). Around 100 people from domestic and foreign institutions participated.
- Nina Labovic has been working on the new working paper, “Arguments for free trade in Montenegro.” The final draft will be completed in the first week of October.

2.4. ENERGY AND REGULATION

October – December 2001.

- KRA team on Energy and Regulation established. The main goal is creation of sound and efficient regulation in the energy sector and work on projects that will contribute to the increase of energy efficiency and a decrease of the energy deficit. Action plan was discussed and responsibilities of all members were defined.
- A member of the KRA Energy and Regulation team, Boris Buskovic, was elected as Secretary of the Experts Committee of the Energy Power Company of Montenegro.
- Energy and Regulation KRA team started cooperation with London Economics on the study “Utility regulation in Montenegro.” Three meetings of representatives of KRA team with representatives of London Economics were held.
- Work on the study “Utility Regulation in Montenegro” continued. Four meetings with the representatives of Electric Power Company of Montenegro and other utility companies were organized.
- Electric Power Company of Montenegro started to work on the project “Introduction of block tariffs for category of electricity consumers –households.” Working group was established; KRA Energy and Regulation had a representative, Boris Buskovic, in the working group. The main task of the KRA representative was preparation of documentation for this project and analysis of the impact of block tariff on households’ electricity consumption.

January – March 2002.

- Finished first draft of the study “Utility regulation in Montenegro.”
- First draft of the study “Introduction of the block tariff for category of electricity consumers-households” was finished with help from Boris Buskovic.
- Revised and finalized study “Utility regulation in Montenegro.” Study “Introduction of the block tariff for category of electricity consumers -households” finalized.

- Roundtable, “Introduction of the block tariff for category of electricity consumers – households,” was held in Podgorica by the Electric Power Company of Montenegro. The participants at the roundtable were representatives of the government, unions, university, and non-governmental organizations. The purpose was public debate about this issue.
- Workshop on “Utility regulation in Montenegro” was organized in Niksic for presentation and discussion about the study “Utility regulation in Montenegro.” Boris Buskovic participated.

April – June 2002.

- Expert Committee of the Electric Power Company of Montenegro started to work on the project “Analysis of the small water courses in Montenegro.” Boris Buskovic assisted in preparing a study, “Economic necessity of small water plant construction in Savnik”.
- Study “Economic necessity of small water plant construction in Savnik” was finalized and presented to the Expert Committee of the Electric Power Company of Montenegro.
- ISSP started preparation of the roundtable “Energy Law,” and started preparation of the material that will be delivered during the roundtable.

July – September 2002.

- KRA team had meeting during which, based on materials done by Electric Power Company of Montenegro and experience from previous work on the electricity issue, it was decided that project “Energy efficiency” should start. Boris Buskovic is responsible for preparation of the materials and coordination of future meetings.
- Roundtable “Energy Law” was held. Representatives of utility companies, government and non-governmental organization participated in the discussion.
- Discussions from the roundtable “Energy law” published in the ISSP edition Roundtable. 230 copies of the publication were delivered to all relevant institutions and companies in Montenegro.
- Held two meetings with Andrew Taylor and Mark Jamison from Webster Consultants regarding utility regulation in Montenegro, one with Professor Vukotic and the second with Mr. Dakovic from the electricity regulation agency. The purpose was to discuss the future steps in utility regulation in Montenegro. An additional meeting was organized with the representatives of the Ministry for Economy regarding some aspects of utility regulation.
- Milorad Katnic participated in a four-day seminar held at the Telekom Agency, organized by the Telekom Agency and Stone Webster consultants. The subject of the seminar was utility regulation with a special focus on regulation of Telekom services.
- Two meetings of the KRA energy team were held with the Barents representatives who work on this issue to discuss future activities. One of these activities is organization of a regional conference on the energy situation, which will probably be held in November.
- The ISSP team started to work on the organization of this event.

2.5 CAPITAL MARKETS

September – December 2001.

- During these three months, ISSP worked together with the capital markets development team leader from PWC on the framework for setting up the new stock exchange: NEX Montenegro (New Stock Exchange Montenegro).
- Stock exchange NEX Montenegro established.

January – March 2002.

- Preparation of roundtable, “Role of privatization funds in capital market development.”
- Organization of roundtable, “Role of privatization funds in capital market development,” attended by 40 people. Participants were representatives of Montenegrin capital market institutions and guests from Slovenia, Bosnia and Herzegovina, Macedonia, and Republica Srpska. This initiated public debate on the topic and was good publicity for ISSP.
- Capital Markets: New section in first part of MONET covering activities in this area; Milorad Katnic, ISSP analyst, started a white paper.

April -June 2002.

- Milorad gathered a lot of data and met with Zoran Djikanovic from the Securities Commission. The information and data that he collected will be used for MONET for the working paper that Milorad is planning to write.

July – September 2002

- Milorad started to write a working paper on transaction costs in capital markets to explain the functioning of capital markets in Montenegro and other small capital market countries and compare transaction costs in these markets with the “regular” capital markets.
- Two meeting with Zoran Djikanovic in Security Commission regarding the situation with capital markets in Montenegro
- Workings paper, “Transaction costs in capital market,” further developed. The first version of this working paper will be finished in the first week of October.
- Two meetings of the Capital Market working group were organized to work on capital markets sub-laws and regulations in the drafting of the Company Takeover Law.

2.6 TAXES**September – December 2001.**

- The tax reform group finished the draft of the VAT law.
- One meeting was organized with representatives of relevant institutions to revise the draft VAT law. Draft version improved as a result of consultations.
- ISSP researchers continued analysis of the new tax legislation. In this package are four tax laws, which should be adopted by the Montenegrin Government after public debate. Final drafts of the all tax laws, including the VAT Law, were finished and sent to the Government.
- Representatives of ISSP participated in drafting the VAT law.
- Parliament adopted four tax laws: Law on Value Added, Law on Profit Tax, Income Law, Law on Real Estate Tax, Excise Law and Law on Tax Administration.

January – March 2002.

- Meeting of the policy group with representatives of the Ministry of Finance. Discussion about the six tax laws adopted by the Montenegrin Government.
- Meeting with the Working Group on VAT sub-laws to work on preparing some VAT regulations.

- Participation in the roundtable “Women in the gray economy.” Michelle Stern, as representative of ISSP, made a presentation at the roundtable organized by ISSP, the CFEPG, and International Trade Union.
- 3 Meetings with the VAT group to work on forms for VAT registration. Content of the form and design were discussed.

April – June 2002.

- One meeting with the VAT group that has been working on the final draft of VAT registration form.
- Meeting with USAID expert, Malcolm Laing, on VAT in other countries. Based on his advice, we revised the analysis that we are preparing of the VAT system. Part of it will be used for a brochure and part for MONET.
- Four team members facilitated two 1-day seminars on Taxes in Montenegro. The seminars were organized in Budva (1 day) and in Herceg Novi (1 day). Participants were companies and citizens that were interested in this subject. During the seminars, all taxes were presented, with an explanation of how they function and the differences from the previous system.
- Cooperation with participants from the seminar developed. Answers to further questions were prepared and sent to them.
- Participated in the seminar in Podgorica about new taxes and their implications for non-governmental organizations. The findings will be used to further the work of the tax policy group and improve the law.

July – September 2002.

- Public education campaign started. Representatives of the ISSP participated in the campaign. In five appearances, Jadranka Kaludjerovic explained the new tax system on TV, newspapers and radio.

3. MONTENEGRO ECONOMIC TRENDS – MONET

Background information

Recognizing the need for better reporting on economic matters, ISSP developed Montenegro Economic Trends (MONET) in 1999. Published jointly with the Center for European Policy Studies (CEPS), the bi-monthly publication focuses on trends in the economy and provides critical analytical perspectives. It is the first publication in Montenegro providing data based on standard international methodology. MONET's contents include:

Part One: statistical data on production, employment and wages, prices, budget, money and banks, foreign trade and enterprises

Part Two: in-depth analysis of current important issues in Montenegro.

Through careful reporting in MONET, the ISSP regularly influences dialogue in crucial policy reform areas. It is used by donors, the government, the opposition, Parliament, academics and other organizations to measure how the economy is performing, and will also be an invaluable tool for foreign investors as they start to take an interest in Montenegro.

September - December 2001.

- The MONET research team met to select topics for the next issue.
- Collection of the data started. All files were updated. The presentation of data on production and prices will be changed as the researchers have found a better way
- ISSP started analyzing the suggested new tax laws. The results of the analysis will be presented in some of the next issues.
- The Central Bank adopted the changes in the Banking Law that passed the Parliament at the end of 2000. Analysis of the adopted regulations started. Findings will be presented in the next issue of MONET 7.
- The ISSP team continued to research the influence of the move to the Euro on the Montenegrin economy. The first small survey, “What Montenegrins know about the Euro,” was completed. Data were entered and processed and analysis of the data started. This was the first time the ISSP researchers completely organized and carried out a survey without any help from CEPS experts, and it was a good chance for them to improve their organizational skills and knowledge.
- The second Cash Savings Survey was carried out and the data was entered and processed.
- Data processing and analysis of the data for MONET 7 started.
- Analysis of the data for MONET 7 started.
- ISSP researchers continued to analyze new banking regulation. Additional data on tourism were collected. The data will be presented in MONET 7, in a detailed article about the tourist season.
- ISSP finished analysis of the new legislation adopted by the Central Bank of Montenegro. Some results of this analysis will be presented in MONET.
- ISSP researchers continued to analyze different aspects of Euro introduction. Some findings of the analysis will be presented in MONET.
- All data for MONET 7 were collected and analyzed. All time series were updated.
- Data collection for analysis of the tourist season was completed.
- Boris Najman from CEPS (Center for European Policy Studies) visited the Institute. Mr. Najman is an assistant at the Sorbonne who specializes in labor and unemployment. During his visit, some MONET issues were discussed. The purpose of his visit was to train the MONET researchers to conduct macro research more effectively.
- MONET 7 was published and delivered by mail and e-mail to about 400 addresses.
- Results were presented at a press conference. Interviews, statements and comments were given to the different media.
- Data from MONET were quoted in almost all newspapers, TV and radio stations. TV stations made a short story from the press conference and a representative of ISSP, Jadranka Kaludjerovic, presented MONET in a live TV program on the economy
- Staff discussed subjects that will be analyzed in the next issue of MONET
- Data collection for MONET 8 started.

January – March 2002.

- Data collection for MONET 8 was updated with the data from October to January.
- First phase of MONET preparation is finished. It consists of collection of data and other relevant information, reading laws and other materials about issues that will be analyzed in the next issue. Plans and structure of the analysis are finished, and first draft version of some of the articles completed.
- 2 meetings were held with representatives of Statistical Office of Montenegro

- Data on prices, employment, wages and industrial production from November to January collected and processed.
- 3 meetings held with Central Bank on data on banking sector; and five meetings held with and Ministry of Finance to discuss the six tax laws adopted by the Montenegrin Government.
- Collected all necessary data for MONET 8, except data on Funds (Pension, Health, Employment), which were not yet available.
- Analysis of data and relevant information for MONET 8 collected and first draft completed.
- Vladimir Najman from CEPS spent a few days in Podgorica helping with MONET, working with the researchers on the specific subjects.
- Meetings organized during this quarter for MONET were with: Ministry of Finance, Statistical Office of Montenegro, Electricity Company of Montenegro to gather data on electricity situation and comments, MN News (news agency), ICMA for analysis of Self-administration Law, European Agency for Reconstruction to analyze EU help to Montenegro, Central Bank of Montenegro, representatives of municipality officials to discuss the law on self-governance, and brokerage houses.
- MONET 8 in English and local language finished and sent for printing.
- Plans for MONET 9 and MONET 10 developed. Collection of data for MONET 9 started.
- Meeting with managers of several companies to provide information about post-privatization results, to be published as comment in MONET 9. An ongoing problem is how to get data from the government institutions on time

April – June 2002.

- MONET 8 printed in English and local language. Around 300 of copies of MONET 8 have been delivered.
- Press conference and media presentation of MONET 8 was organized. Data from MONET were quoted in almost all newspapers; three TV stations made a short story from the press conference; and one representative of ISSP presented MONET in a live TV program on the economy.
- In MONET 8, subscription prices for MONET were introduced.
- Work on MONET 9 continued. Six Meetings held in Ministry of Finance, regarding budget data for MONET and two with the representatives of Agency for Public Revenues and Health Fund.
- Completed MONET 9, sent to printers, put up on website. Translated about 80% of it by end of month into local language, which should go to printers in early June.
- Schedule for MONET 10 prepared.
- CEPS advisors spent a week at ISSP to help with the outlines and draft versions of articles for MONET 10. Worked with all team members on their articles. Created template for articles in first half of publication, which should make them less time-consuming to prepare. Discussed what it would take to build models for forecasting (inflation, GDP, etc.).
- Seven meetings for data-gathering for various projects: 1 person attended 4 general shareholders' meetings and met with the directors of 2 companies, others met with representatives from the Ministry of Education, Institute of Social Science and Economic Research in Belgrade, Ministry of Finance, Health Fund.
- MONET 9 translated into local language and printed. Mailed out to all paying customers in Serbia and Montenegro as well as international readers.

- Data from MONET and comments from it were quoted in almost all newspapers, TV and radio stations. Special coverage in several TV shows.
- All articles for next issue completed and sent to editor. Translation into local language started.
- A number of meetings for data gathering: Milan Dabovic from Ministry of Finance, Statistical Office, PIO Fund, Employment Office.

July – September 2002.

- MONET 10 completed, translated, edited, published and distributed before the summer break.
- Data from MONET 10 were quoted in all media.
- Timetable for MONET 11 defined. Agreed on the articles that will be analyzed in the second part of the publication. Responsibilities were defined for all researchers who work on MONET.
- Work on MONET 11 started. The work was mainly focused on data entering and collection of information for the second part.
- All data for MONET 11 collected and analyzed. Chapters that are presented in the first part of MONET finalized.
- All articles for second part of MONET 11 finished and sent for editing.
- All articles for MONET 11 sent for design and preparation of layout.

4. HOUSEHOLD SURVEY REPORT

Background information

The Household Survey is a methodology to collect, collate and analyze basic income and expenditure data from representative households in Montenegro. The basic idea behind having such a survey is to provide reliable, unbiased data to policymakers to streamline the process of proposing effective social programs.

The main goal of the Household Survey Series is to gather data about relevant characteristics of the households in Montenegro based on internationally recognized methodology. The survey aims to provide benchmark data and analysis, which not only provides basic information, but also provides information to help monitor changes and effectiveness of policies. Thus the goal of the survey is to provide information about the basic characteristics of Montenegrin households - their size, composition and age measures, and demographic information, by doing the following:

- ❑ *Obtain the data about the individuals' income and expenditures and its frequency;*
- ❑ *Analyze the current employment situation, and obtain the opinions of citizens about future employment trends;*
- ❑ *Analyze the current health condition of Montenegrin citizens;*
- ❑ *Assess the extent to which households utilize the social safety net (family material support and children allowance)*
- ❑ *Analyze the effectiveness of various social policies and programs implemented.*

September –December 2001.


- Data entry, data processing and basic analyses completed. More than 40 people were included to finalize the project. Significant improvements were achieved since the first survey.

- 300 copies of the report were printed and widely distributed to both local and international institutions, Ministries and Government officials, media and other interested parties.
- Press conference presented the key findings of the survey.
- Preparations for third survey round started.
- Data collection for the third survey round finished.
- Five new pollsters were engaged; a training seminar was delivered for new pollsters, as well as for pollsters with the highest rate of rejected questionnaires.
- Filled questionnaires were the object of supervision. Every fifth questionnaire was checked (400 out of 2000). The percentage of questionnaires rejected during the data entering was reduced again (by almost 25%), which reflected the experience gained during the first two surveys and confidence established within the sampled population.
- After data were entered, data processing and basic analyses were produced. New crosstabs were also introduced. More than 45 people were included.
- Third report on Household Survey was printed. Again, a press conference was held to present the key findings to the media and public. More than 300 copies of the report were distributed to interested local and international parties.
- For USAID/OTI use only, as Mr. William Gelman requested, a dataset was used to produce household survey breakdown by municipalities. Major crosstabs containing information about the health, employment, income from primary and secondary job of employers, employees and self-employed people, and transfer income were prepared for each municipality included in the sample (12 in total). This report also included additional tables comparing certain income source by municipalities (i.e., gross income, taxes, net income, hot meals, transportation etc.).

January – March 2002.

- A follow-up study done internally at ISSP with other interested parties revealed that the sample size of 2000 households was providing repetitive information and that there was a need to have fewer households covered, but that those households should provide precise and additional information for further analysis. Additionally, it was decided to include new questions and to include an expenditures module. Mr. Farid Matuk, appointed by USAID to provide technical support to the Survey, was involved in creating the first draft of the new questionnaire.
- A decision was made to shrink the sample size and to introduce a new form of the questionnaire.
- Several meetings with different organizations and government officials were held in order to receive comments and suggestions. A call for suggestions regarding the new questionnaire was also distributed via e-mail to international organizations and their experts. Two people from the ISSP team were engaged to search the internet to download questionnaires used in other countries in the region and the world, and these were used to create the final draft of the questionnaire.
- Made first contact with World Bank experts and received some publications on the design of the Household Survey and different analyses.
- After several external meetings, a decision was made to include all municipalities in Montenegro.
- Mrs. Mirjana Djuranovic from the Statistical Office gave valuable suggestions regarding the basic food basket. All products from the basic food basket were included and even more. A big discussion took place about the price that should be used and how consumption aggregate should be built.

- Mr. Wharton Berger, who replaced Mr. Matuk, contributed suggestions, as well as Ms. Ana Vukadinovic from the EC Food Security Program. Valuable comments were received from other USAID experts, such as Mr. Andrew Vonnegut and Mrs. Hjoerdis Bierman.
- A Household Budget Survey conducted by the Statistical Office was discussed in order to make a comparison with ISSP household survey. The sample in their case was about 380 households, while the questionnaire was rather old and out of date.
- Based on the calculation, it was decided to have 500 households in the new Household Survey.
- Since the last census took place more than 10 years ago, the latest reliable population datasets were used: a list of vouchers receivers for the MVP and the voters list. The discrepancy between these two databases was rather small, so the final data used to create the sample was the list of people receiving vouchers (newer one). The proportions of the municipalities in the final sample are given in the following table:



Municipality	Num. of families	%
Andrijevica	5	1
Berane	30	6
Bijelo Polje	43	8.6
Kolasin	8	1.6
Mojkovac	8	1.6
Plav	12	2.4
Pljevlja	30	6
Pluzine	4	0.8
Rozaje	20	4
Savnik	3	0.6
Zabljak	4	0.8
Northern part	169	33.8
Podgorica	128	25.6
Niksic	59	11.8
Cetinje	16	3.2
Danilovgrad	12	2.4
Central part	215	43
Bar	31	6.2
Budva	12	2.4
Herceg Novi	26	5.2
Kotor	19	3.8
Tivat	11	2.2
Ulcinj	17	3.4
Southern part	116	23.2
TOTAL	500	100

- The final version of the questionnaire was accepted. Since the questionnaire had a new part (expenditures module), a manual for pollsters was developed and training delivered.

April – June 2002.

- Several meetings were held with Mr. Berger in order to discuss how the data should be processed. Data were collected by more than 20 pollsters named: Veljko Karadzic, Budimka Mickovic, Boris Mihailovic, Marta Vlahicevic, Rados Damjanovic, Danko Stevovic, Slavica Rovcanin, Bosko Roganovic, Slavica Labovic, Verica Leovac, Andrijana Kumburovic, Tanja Pavicevic, Zora Boskovic, Veselin Konjevic, Jelena Perunicic, Nemanja Boljevic, Radmila Cavic, Ana Gardasevic, Slavica Nikolic, Srdja Vukcevic, Srdja Kovacevic, Aleksandra Cadjenovic, Gordana Radojevic. It took the pollsters more time to collect the data, especially related to expenditures, since sometimes people had a problem recalling the amounts spent. We contacted the Statistical Office in

order to get prices for the consumer basket. This database included the prices in the national, southern, northern and the central parts of Montenegro. For the final calculations, national prices were used for creating the consumed aggregates.

- Data entry was also prolonged due to the longer questionnaires. In total, only the database containing the expenditures had more than 136,000 entries (17,000 rows multiplied by 8 different variables for each food item in each household in the sample). Six people more from the ISSP team were engaged in order to enter the data. Before they started to work, a brief training was delivered.
- New people were engaged in data analyses. Mr. Vinod Krishnan and Heather Brownfield from the University of Michigan (USA) and Michelle Stern, assisted in the Household Survey report for the first time.
- The structure of the report was changed based on the comments received from the readers and the needs to have more concrete policy recommendations. Heather Brownfield proposed that a new part of the questionnaire should be included covering subjective questions about perceived quality life. Those variables provide information that cannot be captured in traditional quantitative data, such as income or household assets. An additional questionnaire part was developed and pollsters went to the field once again. Two more pages were added to the current questionnaire. The goal was to reach the same households if possible. However, this dataset was not put in correlation with the rest of the database and it was analyzed only within itself.
- ISSP research team took part in a discussion about the Poverty Reduction Strategy Paper (PRSP). First meeting was held in the organization of Catholic Relief Service (CRS). The topics covered included: (i) brief overview of the PRSP and the role of the civil society and (ii) discussion of the Interim-PRSP and comments for the government. Together with the other NGOs, ISSP provided the government with recommendations on how the PRSP process should be continued and what issues should be addressed in the final paper.
- New report structure was defined: the first part included five comments prepared by senior researchers; the second part was the basic analysis. Comments included in this report referred to:
 1. *Expenditure and Income Measurement and Analysis*
 2. *Grey Economy*
 3. *Analysis of the Perceived Quality of Life*
 4. *Gender Inequality*
 5. *Heating Methods: Electricity Issue*
- The final report was printed and widely distributed (600 copies) to the local and international organization, media, universities and NGOs.
- A press conference was organized in order to present the key findings to the media and public.
- Four different TV stations (private and state owned) broadcast the report from the press conference. In total, 35 minutes on different TV station were devoted to the Household Survey. All daily newspapers and MINA Business Service published at least one article about it. In total, 9 articles were published.
- Every distributed copy of the fourth Household Survey was followed by a cover letter asking for recommendations to improve the quality of the data. The idea is to create a solid database for policy recommendations. Valuable suggestions were received from the Ministry for Social Work and Welfare and from the World Bank on the section on social assistance. Comments from USAID people working on pension reform (Mr. Kolberg) were also included in the draft version of the questionnaire for the fifth survey.

- Since the questionnaire is more complicated, data entry lasts longer and the risk of making mistakes increased, necessary steps for finding the most appropriate Data Entry Program were taken. So far, two alternatives are: SPSS Data Entry Program and CSPro.
- The discussion related to the PRSP was continued with the UNDP office, which took a lead to help the Government of Montenegro produce PRSP. During the next year, the Government should produce full PRSP based on the active participation of ISSP. Since the Household Survey conducted by ISSP provides valuable, unique databases regarding the households' characteristics, it is expected that ISSP will take an active role in the next period while PRSP is produced, as well as during the strategy implementation phase in respect to monitoring activities. Several meetings were held with local NGOs and UNDP staff.

July - September 2002.

- The final draft of the questionnaire was designed, with many changes, both in terms of new sections and different questions.
- Manual for pollsters was developed and training delivered.
- Ms. Brownfield delivered training for researchers and data analysts. After 15 working hours of training spent in the classroom, a manual received and read, and homework done, 10 people from the ERN staff are now able to use STATA software for data analysis.
- Pollsters collected the data from the 500 households until the 15th of August for the fourth Household Survey. Supervisors checked each fifth interview. The checking procedure showed that collection of data was done properly. Only a few questionnaires were not adequately answered and they were repeated.
- Data entering started.
- Project manager, Dragana Radevic, was on a study tour in Washington, D.C. The World Bank organized the study and the focus of the training was on data collection and processing.
- Data entering was finalized. Data from the questionnaires from all 500 households were entered.
- Data processing and database cleaning was finalized; final checking of the database was done; and the database was sent to analysts.
- Basic analysis of the data finished. .
- Analyses and comments were finalized for the section(s) that were introduced last time. Five different comments were prepared discussing pensions, education, health, property, and poverty level. Five different analysts, supervised by the Program Manager, were involved in preparation of this part of the report.
- The first draft of the fifth Household Survey was completed and sent out for review and comments.

5. NATIONAL INTEGRITY SYSTEM IN MONTENEGRO

Background information

The National Integrity System is an all-encompassing method of fighting corruption in the country. The system is based on eleven pillars on which fighting corruption relies: the legislative and executive power, the Auditor General, the judiciary, the ombudsman, public service, anti/corruption agencies, the media, civil society, the private sector and international subject. The study, Anticorruption Pillars in Montenegro, represents practical research into

the main causes of corruption in the key sectors of society, providing specific suggestion for anti-corruption activities in Montenegro. The first part of the study consists of answers to a questionnaire about the situation in different areas in society, as defined on the basis of the Ti Source Book 2000. The second part consists of a brief analysis of the anti-corruption pillars based on the answers to the questionnaire. When the authors completed their work, a focus group was organized made up of experts in particular areas. The task of the focus group members was to provide their view of the analyses made and conclusions drawn by the authors. The conclusions of the focus group were then incorporated into the study.

September – December 2001.

- Work continued on "National Integrity System" with the Institute for Comparative Law and Transparency International. The second phase of the project, a report about different parts of the national integrity system in the country, was completed. This report, together with the questionnaire, presents complete material that will be discussed in the third phase of the project by the focus group.
- Preparation started for the focus group (selection of participants, preparation of the material, invitation letters, preparation for focus group facilitation) on the "National Integrity System". The participants of the focus group were selected and contacted, the material was prepared and a location was selected.
- A focus group on the "National Integrity System" project was hosted to discuss the analysis and conclusions of the project.
- Document TI "National Integrity System in Montenegro" was finalized and prepared for publishing.

January – March 2002.

- Document "National Integrity system" was published. After the final meeting of all participants, work on the TI project was successfully finished.
- Results of TI project published in five newspapers, several minutes on three TV stations.
- 300 copies of the publication delivered to all institutions in the country and abroad with whom ISSP cooperates.
- Anti-Corruption Pillars in Montenegro was completed by ISSP and the Institute for Comparative Law, in cooperation with Transparency International.
- Project proposal for the next phase of the project prepared.

6. HUMAN DEVELOPMENT REPORT

Background information

Analysis of life in Montenegro from the point of view of the quality of human development is completely new. While there is some partial analysis of specific segments of human development in Montenegro, nevertheless, this report is the first complete picture of the current situation. The quality of human development is observed through poverty level, level of inequality and unemployment rates, and the Lorenz curve is used to measure inequality in Montenegro for the first time.

A description of the context of the framework for human development was the first prerequisite; a political evaluation was kept out of the report, because facts and events and activities that occurred during the reform process were described without any judgments. The authors avoided any agreement or disagreement with current economic policy, although they did provide their views of trends of government policy.

The possibility for improving human development in Montenegro was the second issue in this report. An analysis of the financial system in Montenegro was presented, as well as an analysis of public consumption from the perspective of social protection and the balance of institutional development in Montenegro.

January- March 2002.

- Started work on the Human Development Report.

April –June 2002.

- Continued work on Human Development Report. 25 meetings were organized including: National SME agency – Human Development Report project – Ms Marija Ilickovic; Employment office to collect the data and receive additional information – Ms Dragica Pekovic; Directorate for Public Revenues, Health fund; Zoran Djikanovic, representative of Securities Commission; and Borka Vujnovic, statistician.
- Based on the data collected, started preparation and completed first version of the document.
- Successfully completed work on Human Development Report. This report, done by ISSP, is the first report on human development that was undertaken in Montenegro. Work on this report was a great challenge for the teams from ISSP, in order to analyze correctly the state of human development in Montenegro. It took several attempts to prepare the Human Development Index. The important factors that influence level of HDI were analyzed, including the poverty level, level of inequality and unemployment rates. The “Lorenz curve” that measures inequality was presented in this report for the first time in Montenegro.

July - September 2002.

- Meeting with representatives from UNDP, Mrs. Paola Pagliani and Mrs. Kalyani Menon-Sea was held in UNDP office in Podgorica with Mr. Veselin Vukotic and Maja Bacovic from ISSP to receive comments about Human Development Report for Montenegro.
- Planning started on the Workshop on Human Development, which will be organized at the end of October. The workshop will have participants from ISSP, UNDP representatives, representatives from other NGOs, and the public sector in Montenegro.